

Message Text

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ACTION COME-00

INFO OCT-01 EA-07 ISO-00 EB-05 SP-03 AID-07 NSC-04 RSC-01

CIEP-01 TRSE-00 SS-20 STR-04 OMB-01 CEA-01 CIAE-00

INR-11 NSAE-00 L-03 IGA-02 DOTE-00 DRC-01 /072 W

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R 260825Z SEP 74

FM AMEMBASSY MANILA

TO AMEMBASSY SINGAPORE

AMEMBASSY BANGKOK

AMEMBASSY KUALA LUMPUR

AMEMBASSY JAKARTA

SECSTATE WASHDC 7163

UNCLAS MANILA 11561

E.O. 11652: NA

TAGS: BEXP, RP

SUBJ: MAJOR PROJECT: ASEAN BUS

A) MANILA 10715; B) STATE 186821; C) SINGAPORE 3441

D) MANILA 9825 E) MANILA 8959

1. CAPTAIN (FORMERLY COMMANDER) BASCO HAS RETURNED FROM KUALA LUMPUR CONFERENCE, WHERE HE DISCUSSED BUS MANUFACTURING WITH MALAYSIANS THOUGH NOT WITH SINGAPOREANS. BASCO KNEW OF SINGAPORE MASS TRANSIT STUDY BUT NOT OF SINGAPORE INTEREST IN MANUFACTURING.

2. BASCO HAS RECENTLY BEEN INFORMED BY PRESIDENT BYRD OF ROHR INDUSTRIES THAT ROHR PROPOSAL (REFTEL E) NOT YET PERFECTED. GENERAL MOTORS TEAM DESCRIBED REFTTEL ARRIVED AS SCHEDULED, AND BASCO IS SENDING A MAN TO MICHIGAN IN MID-OCTOBER FOR FURTHER CONSULTATIONS. REPORT OF GM TEAM NOT YET RECEIVED, HOWEVER, LEAVING DEPTH OF GM INVOLVEMENT STILL TO BE DETERMINED.

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3. BASCO OBSERVED THAT PURCHASE OF 700 BUSES BY

NEWLY FORMED MANILA TRANSIT CORPORATION (REF. D) WILL NOT DETRACT FROM MARKET POTENTIAL FOR BUS MANUFACTURING PROGRAM. ACCORDING BASCO, 30 PERCENT OF BUS COMPANIES HAVE CLOSED UP SINCE LAST OCTOBER BECAUSE THEY CAN NOT MEET COSTS OF ACQUIRING NEW UNITS. CURRENT PURCHASES DESIGNED TO ALLEVIATE CURRENT SITUATION, BUT CONTINUED DETERIORATION OF EXISTING UNITS WILL CREATE SUBSTANTIAL REPLACEMENT MARKET BY TIME BUS MANUFACTURING UNDERWAY.

4. NEVERTHELESS, FARE STRUCTURE WITH INADEQUATE PROVISION FOR CAPITAL EXPENSES RAISES QUESTIONS AS TO ECONOMIC VIABILITY OF MANUFACTURING PROGRAM DEPENDENT FOR ITS SUCCESS ON SUBSTANTIAL SALES TO LOCAL MARKET. BASCO BELIEVES THAT IF GOVERNMENT MAKES BUSES AVAILABLE, PRESENT FARES WILL PROVIDE SUFFICIENT REVENUES FOR OPERATION. BUS OPERATORS APPARENTLY ARE LESS OPTIMISTIC, HOWEVER. ALTHOUGH FINANCING FACILITIES FROM PHILIPPINE NATIONAL BANK THROUGH MANILA TRANSIT CORPORATION ARE NOW AVAILABLE FOR 500 BUSES FOR PRIVATE OPERATORS (REF D), THERE ARE FEW TAKERS. MANILA OPERATORS, PRESUMABLY HARDER HIT BY INFLATION, SIGNED UP FOR ONLY 75 OUT OF 300 BUSES FOR WHICH FINANCING AVAILABLE; PROVINCIAL OPERATORS SIGNED UP FOR 110 OUT OF 200.

5. UNTIL ROHR AND/OR GM PROPOSALS IN HAND, ANY BASCO-SITHAWALLA DISCUSSIONS WOULD NECESSARILY BE CONFINED LARGELY TO CONCEPTUAL FRAMEWORK. WE WOULD SUGGEST THAT SINGAPORE GOVERNMENT BE ENCOURAGED TO APPRISE BASCO OF ITS CURRENT THINKING, WITH BASCO-SITHAWALLA DISCUSSIONS SUGGESTED REF C LIKELY TO BE A NATURAL OUTGROWTH ONCE BASCO HAS A SPECIFIC PROPOSAL WHICH CAN BE DISCUSSED IN CONTEXT OF CURRENT COST AND MARKET FACTORS.
SULLIVAN

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